

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 JUSE-00 L-03 COME-00 CIAE-00

INR-10 NSAE-00 RSC-01 DRC-01 /038 W

----- 000551

R 120849Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9924

UNCLAS TOKYO 1919

E.O. 11652: N/A

TAGS: ETRD, US, JA

SUBJECT: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES

REF: (A) STATE A-9930, DECEMBER 3, 1973; (B) TOKYO A-29,
JANUARY 17, 1974; (C) STATE 10720

1. SUMMARY: EMBASSY FILES PREDATING 1971 HAVE BEEN RETIRED. HOWEVER, MITI AGREES SUPPLY CHRONOLOGY OF USG APPROACHES TOWARD GOJ RE EXPORT GRAPHITE ELECTRODES. JAPANESE MANUFACTURERS HAVE CONVEYED TO MITI THEIR FEAR THAT DUE CURRENT ENERGY CRISIS THEY MAY BE UNABLE FULLY MEET U.S. AND THIRD COUNTRY REQUIREMENTS FOR GRAPHITE ELECTRODES THIS YEAR AND MAY NOT EVEN BE ABLE MEET DOMESTIC DEMAND. JEEP OFFICIAL CONFIRMED TO EMBASSY THAT THERE WILL BE OVERALL DECREASE IN EXPORTS THIS YEAR. HOWEVER, JAPANESE STEELMAKERS (MAJOR DOMESTIC END-USERS GRAPHITE ELECTRODES) STATED THAT THEY DO NOT ANTICIPATE DIFFICULTY IN OBTAINING ADEQUATE DOMESTIC SUPPLIES. END SUMMARY.

2. EMBASSY BELIEVES CLARIFICATION OF ROLE OF JEEP IN EXPORT OF GRAPHITE ELECTRODES AS WELL AS DOCUMENTATION REQUIRED BY JUSTICE (REQUESTED REFTEL C) PROVIDED BY INFORMATION CONTAINED REPAIR B.

3. EMBASSY FILES PREDATING 1971 HAVE BEEN RETIRED. HOWEVER, MR. INO, OFFICIAL IN CHARGE OF ELECTRODES, CERAMICS AND CONSTRUCTION MATERIALS DIVISION, CONSUMER GOODS INDUSTRIES BUREAU, MITI, AGREED SUPPLY EMBASSY WITH CHRONOLOGY OF USG APPROACHES TOWARD GOJ RE EXPORT GRAPHITE ELECTRODES AS REQUESTED PARAGRAPH THREE
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REFTEL C.

4. EMBASSY CURRENTLY UNABLE LOCATE ANALYTICAL STUDIES OR FACTUAL PAPERS ON JAPANESE EXPORT CARTELS AS THEY RELATE TO U.S. ANTITRUST ENFORCEMENT. IF WE BECOME AWARE OF SUCH STUDIES IN FUTURE, WE WILL TRANSMIT THEM TO DEPARTMENT AS REQUESTED PARAGRAPH FOUR REFTEL C.

5. IN FEBRUARY 7 MEETING WITH EMBASSY, MITI OFFICIAL INO STATED THAT SINCE JANUARY 20 HE HAD CONFERRED INDIVIDUALLY WITH FIVE JAPANESE FIRMS (MITSUBISHI SHOJI, MARUBENI, ATAKA, NIPPON CARBON, INTERNATIONAL CARBON) ENGAGED IN GRAPHITE ELECTRODE EXPORT TO DETERMINE STATUS OF REPLIES OF THEIR U.S. SUBSIDIARIES TO JUSTICE REQUEST FOR DOCUMENTS FOR USE IN ANTITRUST INVESTIGATION (REFAIR A). ALL FIRMS INDICATED INTERIM REPLIES HAVE BEEN SENT CONTAINING SUCH INFORMATION AS COMPANY ORGANIZATION CHARTS, LISTS OF COMPANY OFFICERS. EMBASSY QUERIED WHETHER FINAL REPLY WOULD INCLUDE ALL DOCUMENTS REQUESTED BY JUSTICE. MITI OFFICIAL SAID HE DID NOT DISCUSS THIS BUT REQUESTED THAT COMPANIES SUBMIT AS MUCH INFORMATION AS WAS "READILY AVAILABLE" AS EARLY AS POSSIBLE. ALL COMPANIES EXPRESSED DESIRE TO POSTPONE FINAL REPLY FOR AT LEAST ANOTHER MONTH. SOME HAVE APPARENTLY ALREADY BEEN GRANTED EXTENSIONS BY JUSTICE. APPROVAL OF REQUESTS OF OTHERS STILL PENDING.

6. INO TOLD EMBASSY THAT JAPANESE MANUFACTURERS HAVE CONVEYED TO MITI THEIR FEARS THAT THEY MAY BE UNABLE FULLY MEET U.S. AND THIRD COUNTRY REQUIREMENTS FOR GRAPHITE ELECTRODES THIS YEAR DUE TO CURRENT ENERGY CRISIS. INO STATED CURRENT FEELING IN INDUSTRY IS THAT SUPPLY WILL HARDLY BE SUFFICIENT MEET DOMESTIC DEMAND. INO TERMED SITUATION "VERY SERIOUS." EMBASSY ASKED WHETHER ANY CONSIDERATION BEING GIVEN BY JAPAN TO IMPORTING ELECTRODES AND/OR WHETHER ANY APPROACHES BEING MADE TO FOREIGN MANUFACTURERS IN THIS REGARD. MITI OFFICIAL REPLIED HE NOT AWARE ANY SUCH CASES AND EXPLAINED THAT JAPANESE STEELMAKERS (MAJOR END-USERS GRAPHITE ELECTRODES) CONSIDERED QUALITY OF DOMESTICALLY-PRODUCED ELECTRODES SUPERIOR (E.G., DURABILITY) TO FOREIGN PRODUCTS AND WOULD "NOT EASILY SHIFT" TO IMPORTS.

7. SECRETARY GENERAL, JAPAN ELECTRODE EXPORT PROMOTION CO., LTD. (JEEP) CONFIRMED TO EMBASSY THAT THERE WILL BE OVERALL DECREASE IN EXPORTS OF GRAPHITE ELECTRODES THIS YEAR BUT HE WAS UNABLE ESTIMATE
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PROBABLE EXTENT OF SHORTFALL.

8. JAPANESE STEELMAKERS CONTACTED BY EMBASSY STATED THAT THEY DO NOT PRESENTLY ANTICIPATE DIFFICULTIES IN OBTAINING ADEQUATE DOMESTIC SUPPLIES OF ELECTRODES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLIES, GRAPHITE, ELECTRONICS INDUSTRY, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO001919
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740237/aaaabjdi.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) STATE A-9930, DECEMBER 3, 1973;; (B) TOKYO A-29
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 26 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 FEB 2002 by elbezefj>; APPROVED <29 NOV 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES
TAGS: ETRD, US, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005